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[REDACTED]

OCT 29 1981

Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(7) of the Internal Revenue Code.

The data submitted shows that you are organized as a property owners association. Your primary purpose is to further and promote the common interests of owners in [REDACTED], a recreational vehicle resort subdivision. Your association provides maintenance, security, and other functions necessary to keep the common property of the association in good condition. Among these other functions provided are a trash collection service and fire extinguishers. You offer your security and trash collection services to your members and do not restrict these to covering only the association's common social facilities. We further understand that the association will own and maintain (through its members) residential streets which are not a part of the association's social facilities.

Section 501(c)(7) of the Internal Revenue Code provides exemption for:

"Clubs organized for pleasure, recreation and other nonprofitable purposes, substantially all of the activities of which are for such purposes and no part of the net earnings of which inures to the benefit of any private shareholder."

Revenue Ruling 69-635, C.B. 1969-2, 126, holds that a commingling of members must play a material part in the activities of the organization before a section 501(c)(7) exemption can be granted.

	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
File		[REDACTED]					
Username		[REDACTED]					

My conclusions regarding the foregoing are as follows:

- (1) Your association is not organized for the exempt purposes of section 501(c)(7). (Note article four of your corporate articles).
- (2) There is inconclusive evidence in your file to support the fact that your members comprise as described in Revenue Ruling 69-435.
- (3) Your organization is engaging in activities which do not further social or recreational purposes. (Note: enclosed a copy of Revenue ruling 75-494).

We contend that the conclusions reached by the Internal Revenue Service in this ruling can be applied to your organization because the situations and facts are similar.

Thus based on the information you furnished, we have determined that you are not exempt as an organization described in Code section 501(c)(7) because you are neither organized nor operated for section 501(c)(7) purposes.

If you do not agree with these conclusions, you may, within 30 days from the date of this letter, file in duplicate a brief of the facts, law, and equity that clearly sets forth your position. If you desire an oral presentation of the issue, please indicate this in your protest. The publication 602 gives instructions for filing a protest.

If you do not file a protest with this office within 30 days of the date of this report or letter, this proposed determination will become final.

If you agree with these conclusions or do not wish to file a written protest, please sign and return Form 6018 in the enclosed self-addressed envelope as soon as possible.

If you have any further questions, please contact the person whose name and telephone number are shown at the beginning of this letter.

Sincerely yours,

District Director

Enclosure:  
Publication 602  
Copy of Revenue Ruling 75-494